Memorandum

ex

Subject Telephone Interview [redacted]	Date May 23, 1996

To Frito-Lay File

From Nina Hale NH

b7D

On May 22, 1996, I interviewed by telephone [redacted]

[redacted]

[redacted]

[redacted]

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Exempt under b7D

[redacted] b 7D

[redacted]

He said that [redacted] had done some research and had come up with the conclusion that Frito-Lay has a 17 percent cost advantage over its competitors because of its size. In the snack business, this is critical because generally there is not enough margin to survive. According to [redacted] five percent net profit is excellent.

I asked [redacted] what he knew about Frito's efforts to get an exclusive supply relationship with convenience stores. He said he was well aware of this strategy and [redacted]

[redacted] b7D

In [redacted] view, the reason that the regional snack food manufacturers have been going out of business is that they have cut their margins to survive the battle and in order to cover the costs of surviving the battle, they have been dipping into equity. He does not see that as a fruitful strategy.

[redacted] said that things are changing in the business and that people are not willing to pay the money for shelf space any more which may mean that life will return to normal. He also said that he will be sending the documents that he put together for the [redacted] scenario where the Frito shelf captain prepared a schematic that pushed him off the shelf. And, he also said that if he had any other documentary evidence that he would send it to us.